




OFFICE OF THE COUNTY EXECUTIVE
ROCKVILLE, MARYLAND 20850

Douglas M. Duncan
County Executive

MEMORANDUM

January 12, 2006

TO: George L. Leventhal, President, Montgomery County Council

FROM: 
Douglas M. Duncan, County Executive

SUBJECT: Recommended FY07 Capital Budget and FY07-12 Capital Improvements Program

I am pleased to transmit to you, in accordance with the County Charter, my recommended FY07 Capital Budget and FY07-12 Capital Improvements Program (CIP). This CIP supports my long-standing priorities: education, public safety, transportation, economic development, the environment and re-investment in our infrastructure.

Education

This recommendation maintains our commitment to quality education by supporting critical school capacity, modernization, capital maintenance, and health and safety projects in our public schools. I am recommending the Board of Education's full \$1.2 billion request for the six year period. This recommendation increases the local share of school funding by \$146.5 million. The \$1.2 billion represents a 24.5 percent increase from the most recent \$933.5 million six-year program. Investment in school modernization increases \$266.7 million, an average increase of \$44.5 million per year. This year enrollment growth begins to level off, providing us the opportunity to address deferred projects.



I recommend that we expand facilities at all three Montgomery College campuses to serve the growing student population, and increase our investment in capital maintenance to preserve and improve the functionality of existing facilities. To this end, in addition to supporting cost increases necessary to maintain the existing College capital program, I recommend we begin design for eight new and renovated facilities and fund an additional access road into the Germantown campus.

Public Safety and Homeland Security

My support for our fire and rescue service continues with new or replacement fire stations in Clarksburg, East and West Germantown, North Potomac/Travilah, and Takoma Park. Interim fire and rescue service opened in Clarksburg in November 2005, and our newest fire station, in Silver Spring, will open in Spring 2006. We continue collaboration with local volunteer fire departments to relocate the Wheaton Rescue Squad, renovate Cabin John Station #30 and Glen Echo Station #11; and expand the Burtonsville Station.

I continue to support new police stations to serve the 3rd and 6th Districts in the Silver Spring/White Oak and Upcounty areas, and recommend planning and design of replacement or renovation for the 1st and 2nd District stations in Rockville and Bethesda. I am also recommending that we step back and carefully review our plans for the expansion of the Circuit Courthouse in Rockville, to assure that we include all required elements, phase construction so that court activities can continue during construction, and plan for the renovation of the older court building once the annex is complete.

Transportation

We have made significant progress in our efforts to relieve traffic congestion and increase mobility for our residents. The next steps in our transportation program include design and construction of the Silver Spring Transit Center, a three-tier, multi-modal transit center to replace the 30-year-old transit facility at the Silver Spring Metrorail Station. The Federal government recently committed an additional \$24 million for this project. The new transit center will be a gateway to downtown Silver Spring and Montgomery County, and will be designed to allow for integrated transit-oriented private development. We will also partner with others to provide new or expanded transit centers at Takoma/Langley Park and Montgomery Mall.

We will begin design for Chapman Avenue and Montrose Parkway East, to provide greater mobility in the Rockville Pike corridor. Mobility in the growing Clarksburg area will greatly improve as we progress through construction of Stringtown Road and complete linkages between roadway sections to be built by developers. We will also rehabilitate sections of five roads which are deteriorating due to increased volumes of detour and construction traffic. I again propose that we fund important safety improvements on Quince Orchard Road through Muddy Branch Stream Valley Park.

Pedestrian and vehicle safety will improve through new sidewalk projects on MacArthur Boulevard and Olney-Sandy Spring Road, and installation of detectable warning devices on handicap ramps to assist persons with disabilities. This year we have examined all of our projects to assure attention to pedestrian and bicycle safety impacts and compliance with the requirements of the Americans with Disabilities Act of 1991. Traffic signals, streetlights, crosswalks, bus stops, ADA ramps, bikeways, and other pertinent issues have been considered in the design of all projects, and the resulting Pedestrian Impact Studies will be available on line in early February.

Total spending for the transportation program has decreased modestly, from \$529.1 million to \$493.8 million, or 6.7 percent due primarily to the progress we have made through the construction of four large road projects – Greencastle Road, Montrose Parkway, Muncaster Road and Valley Park Drive - and completion of large garages in Silver Spring and Bethesda. We must continue to focus our efforts at the State level to secure funding to ease our traffic congestion, including State financial commitments to match the increased Federal funding for the Silver Spring Transit Center and construct the Corridor Cities Transitway, InterCounty Connector, and the Purple Line.

Economic Development

We have added support for Long Branch with projects to provide a pedestrian network and streetscaping, study revitalization opportunities in the area of Piney Branch Road and Flower Avenue, and to support Adventist Health Care's relocation to provide clinical services there. Streetscape and revitalization efforts are proposed to begin in Montgomery Hills and to continue in Wheaton, Rockville, Burtonsville, Fenton Street Village and South Silver Spring, to enhance our urban environments.

I recommend continued planning for business incubators in the eastern County, at Montgomery College's Germantown campus, and in Rockville to complement the successful incubator programs at Shady Grove and Silver Spring. I will propose investment in infrastructure for these incubators as negotiations of the public/private agreements are completed.

Environment

My recommendations will protect an additional 5,000 acres of farmland from development, reaching our goal of 70,000 total acres protected. We will repair damaged stream channels and tributaries in stream valley parks in the urbanized downcounty, including the Paint Branch, Northwest Branch and Rock Creek watersheds, to improve water quality, protect habitat and prevent property damage. One school, Northwest Elementary School #7, will be constructed to LEED (Leadership in Energy and Environmental Design) certification standards. The County's goal, beginning in FY07, is to design all new buildings to basic LEED standards.

Re-investment in our Infrastructure

This CIP maintains our current renovation program and our commitment to maintenance of our infrastructure for all agencies. I recommend that we add design for renovations at the Davis and Potomac Libraries, and construction to replace the diving tower at the Montgomery Aquatic Center. Further, I propose to extend our programs to modernize elevators and life safety systems in public buildings.

Construction at the Brookville Depot, design for expansion at the Equipment Maintenance and Operations Center (EMOC), and renovation of facilities at the Colesville Depot will maintain the infrastructure we need to support increased transit and highway maintenance operations, and improve our environmental controls. Renew Montgomery continues our support to revitalizing our older neighborhoods while our Main Street Montgomery program spruces up our older commercial areas.

Under separate cover, I am proposing today a series of supplemental appropriations to jump-start a \$94.4 million program of increased investment to maintain our County's physical and technology infrastructure. The Fiscal Year 2006 supplemental recommendations total \$23.5 million, funded with unanticipated revenues from 2005.

Program totals include \$60.6 million allocated to MCPS for infrastructure maintenance contained in their \$1.2 billion FY07-12 request; \$4.2 million for Montgomery College (all of Montgomery College's new FY07 infrastructure maintenance proposals); \$9.9 million for M-NCPPC (M-NCPPC's highest priorities for FY07-12 increased infrastructure maintenance); \$5.0 million to rehabilitate Federal public housing in Montgomery County; \$8.2 million to upgrade emergency power systems; \$4.3 million to maintain telecommunications and IT systems; and \$2.3 million for new roadway maintenance.

Fiscal Summary

The fiscal plan underlying my recommended CIP assumes general obligation borrowing for the six-year period at \$240 million per year, consistent with the Council's Spending Affordability Guidelines (SAG) decision this past fall. I do not recommend increasing SAG in February, and urge the Council to resist pressure to do so. This CIP allocates pay-as-you-go (PAYGO) funding, as a matter of policy, at ten percent of the amount of general obligation bonds to be issued each year, or \$24.0 million per year. I am recommending a CIP which is consistent with conservative debt capacity levels necessary to ensure continuation of Montgomery County's AAA credit rating. Projected costs for the Recommended CIP can be paid for with no increase in property or income taxes.

The Department of Finance's most recent estimates of funds available from the impact tax for schools and the increase of the recordation tax for the public schools and Montgomery College is included in this recommendation. These additional sources of funds for schools allow me to support the full six-year program proposed by the Board of Education. I will look to the Board to adjust their proposed schedule to fit within annual affordability limits and growth policy ceilings.

Consistent with our past practice, I am recommending prudent bond-funded set-asides for upcoming projects that are known but for which planning is not complete. I am also recommending \$764.3 million in PAYGO, current revenue, recordation tax and school impact tax funding across the six years to complement the use of bonds.

I want to reinforce my commitment to put forth only those proposals that have been sufficiently planned, including the development of accurate cost estimates and the identification of outside funding sources. In a continuing effort to improve the reliability of our cost estimates for government buildings, many new general government and College projects and projects which are scheduled late in the FY07-12 period are recommended for design only. Project scope and risk factors for cost increases can be better understood as design progresses. This aligns the rest of our CIP more closely with our transportation and schools practices. We have also included a cost escalation factor in all project estimates using available industry information as a guide.

For all agencies, excluding WSSC, this Recommended FY07-12 CIP totals \$2.7 billion for six years, an increase of \$275.1 million, or 11.5 percent from the previous CIP. This increase is due primarily to increased support for our public schools (\$229.0 million), Montgomery College (\$71.0 million), and M-NCPPC (\$21.87 million), and the addition of design funding for a number of projects, offset by progress toward completion in a number of large general government projects.

For the tax supported portion of the Recommended CIP, the total is \$2.6 billion, an increase of \$264.6 million or 11.3 percent. Impact taxes are recommended at estimated levels. Other more volatile funding sources are recommended at current levels, or are not programmed at all until the revenue is in hand.

I recommend a total of \$620.4 million for WSSC, consistent with WSSC's proposed budget and our need to support capital investment at Blue Plains. Water/sewer rates are recommended to increase three percent this year, consistent with the Montgomery and Prince George's Counties' spending control guidance to WSSC.

My proposals, highlighted in the pages immediately following and detailed in my specific FY07-12 recommendations for projects of County Government, MCPS, Montgomery College, M-NCPPC, WSSC, the Housing Opportunities Commission, and the Revenue Authority, capture the priorities of my administration. Many people have helped to shape the recommendations I bring to you in this budget. I appreciate their efforts and commend their contributions to you. As always, Executive Branch staff is available to assist you in your deliberations on the Capital Budget and CIP.

I wish to thank the members of the regional Citizens' Advisory Boards (CABs), the Board of Education, the College Trustees, the WSSC Commissioners, and the Planning Board for their work.

I look forward to discussing with you any policy matters or major resource allocation issues that arise this spring.

Under separate cover:

MCPS: Superintendent's Recommended FY 2007 Capital Budget and FY 2007 - FY 2012 Capital Improvements Program, and Board of Education Requested FY2007 Capital Budget and FY 2007 to FY 2012 Capital Improvements Program

Montgomery College: Montgomery Community College Proposed FY2007 Appropriation Request as part of a Proposed FY2007-2008 Biennial Capital Budget and Proposed FY2007-2012 Capital Improvements Program, November 14, 2005.

M-NCPPC: Maryland-National Capital Park and Planning Commission Proposed FY07-12 CIP, November 1, 2005

WSSC: Proposed Six-Year Capital Improvements Program Fiscal Years 2007 – 2012, October 1, 2005